FEBRUARY 1936

The Real Estate ANALYST

RESIDENTIAL BUILDING 1920-1936

IN this issue (pages 510-512) we are presenting for the first time charts on forty-seven principal cities showing the number of new family accommodations constructed privately each month for each ten thousand families, from 1920 to the present. All so-called slum clearance projects constructed under the provisions of the Housing Division of the Public Works Administration have been eliminated from these charts.

The comparison of the volume of building in these various cities during the last building boom is quite interesting, building running from 16 new family accommodations per month per ten thousand families in Scranton, Pennsylvania, at the height of the boom, to 545 in Miami, with all variations between.

The recovery in the building industry at the present time shows a variation just as great. In many cities new building has made practically no progress. The chart will show that in Boston, Buffalo, Chicago, Cleveland; Hartford, Connecticut; Memphis, New Orleans; Portland, Maine; Portland, Oregon; Richmond, Virginia; Scranton, Pennsylvania; Seattle; and South Bend, Indiana; new building at the present time is very slightly above the microscopic levels of the worst of the depression. On the other hand, in Miami new building is now proceeding at the rate of 34 new family accommodations per month per ten thousand families, which is above the long-time average for the remainder of the United States. In Washington, D. C., 29 new family accommodations are being built each month for each ten thousand families. This is approximately the normal rate for the United States.

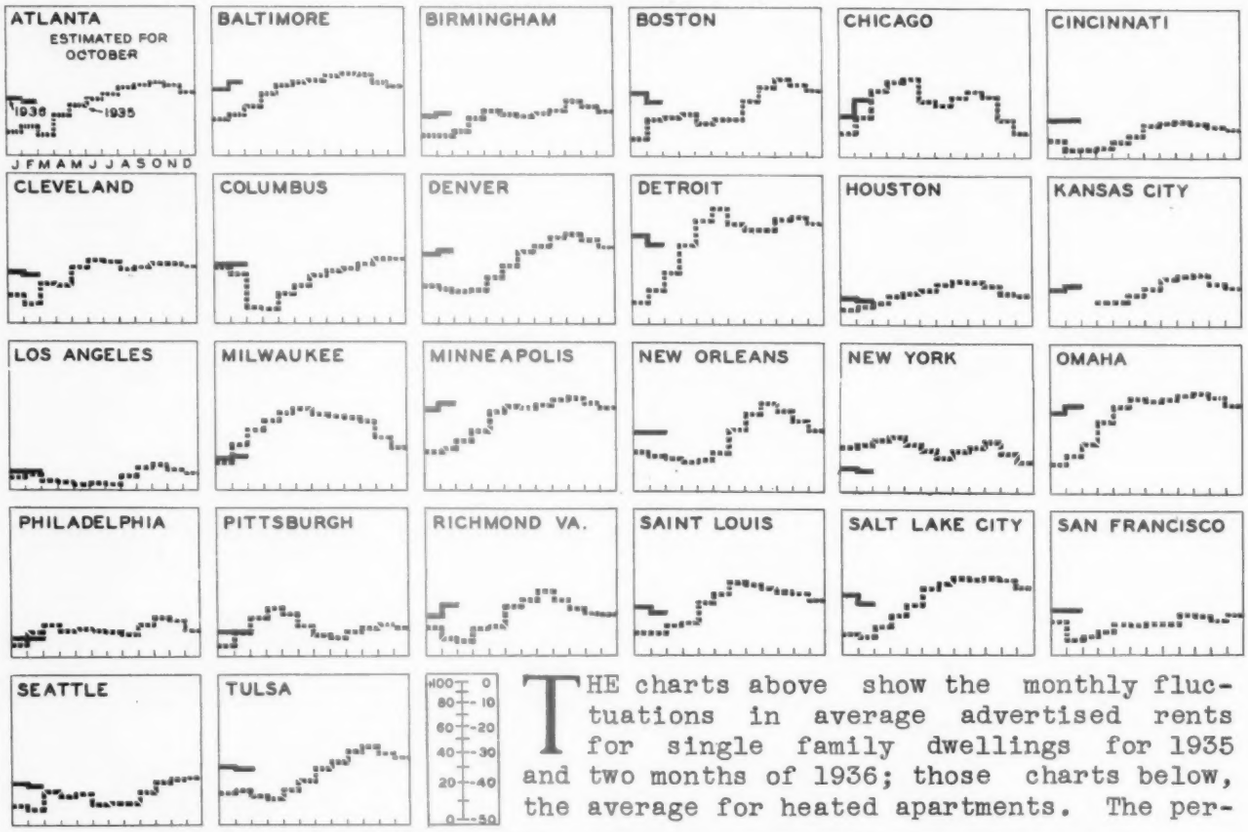
The question which immediately presents itself in comparing the records in these cities, is the reason for the wide variation.

The Real Estate Analyst has consistently maintained throughout the depression that one factor was primarily responsible for inactivity or activity in the building industry. We have said repeatedly that new building could not be started in any volume until a reduction in vacancy increased rents and values to the point where new buildings could apparently be built at the current cost of construction in competition with distress properties already on the market.

If this general principle be kept in mind, the rapid increases in new building in Washington, D. C., and in Miami are clearly explainable. New Deal activities in Washington have, both through the demolition of

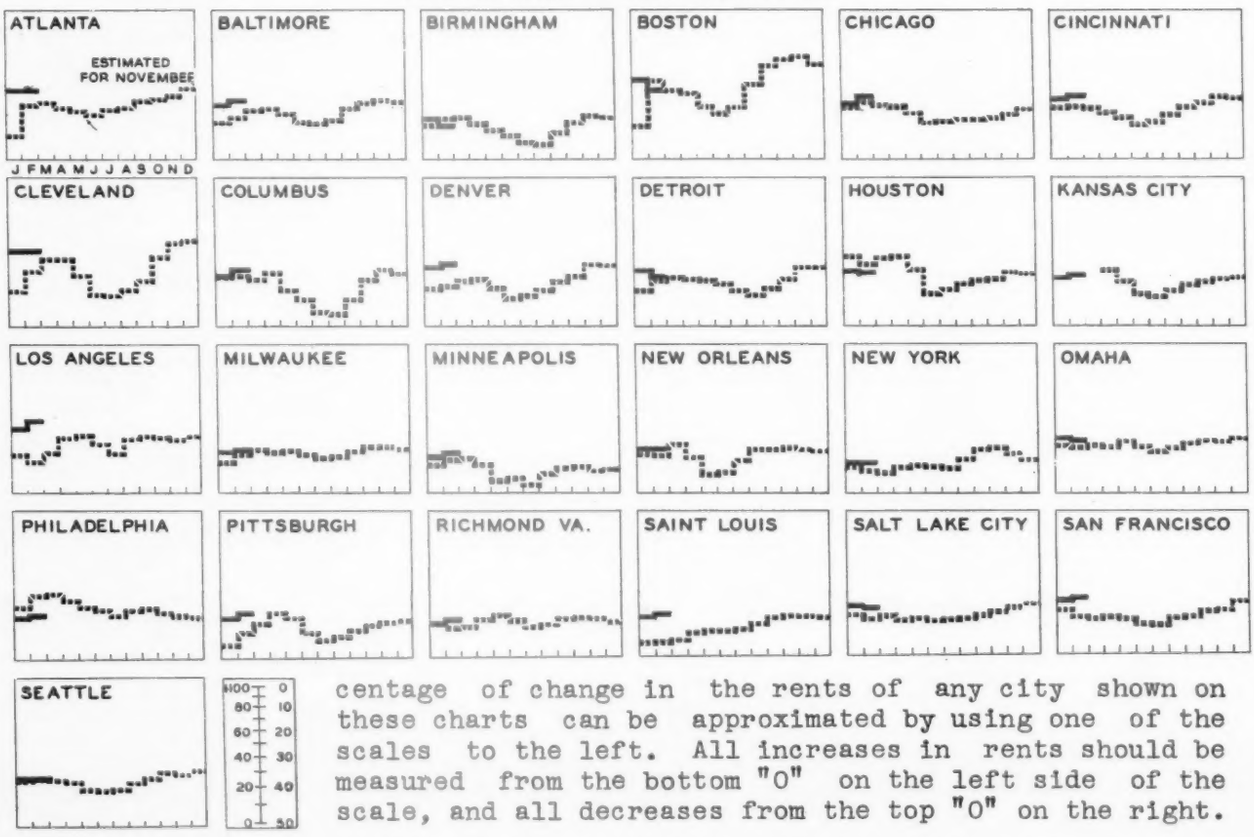
(continued on page 508)

AVERAGE ADVERTISED SINGLE FAMILY DWELLING RENTS 1935-36



THE charts above show the monthly fluctuations in average advertised rents for single family dwellings for 1935 and two months of 1936; those charts below, the average for heated apartments. The per-

AVERAGE ADVERTISED APARTMENT RENTS 1935-36



centage of change in the rents of any city shown on these charts can be approximated by using one of the scales to the left. All increases in rents should be measured from the bottom "0" on the left side of the scale, and all decreases from the top "0" on the right.

ADVERTISED RENTALS ON DWELLING UNITS

THE Real Estate Analyst computes the average advertised rents of residential units of various types each month in the twenty-six metropolitan cities listed below. The figures given are average rents per month per room for all units of each type, large and small, advertised in the classified columns of the leading newspapers of each city.

The average of all places advertised for rent will vary considerably from month to month due to the inclusion some months of a larger number of either high or low priced units. That the trend is definitely up in most cities is indicated by the figures below and the charts opposite.

The February figures are preliminary, based on the advertisements appearing during the first two weeks of the month. In almost all cities these preliminary figures are above the final figures for February, 1935.

	1935											1936	
	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	*Feb.
SINGLE FAMILY DWELLINGS													
Atlanta	$5.74	$5.56	$6.14	$6.47	$6.62	$6.78	$6.93	$7.09	$7.25	$7.12	$6.93	$6.68	$6.57
Baltimore	4.98	5.19	5.51	5.77	5.86	5.88	6.10	6.16	6.15	5.79	5.75	5.69	5.83
Birmingham	4.43	4.57	4.85	5.01	4.96	4.90	4.94	5.06	5.22	5.15	5.08	4.96	5.04
Boston	6.65	6.70	6.85	6.51	6.69	6.68	7.34	7.91	8.11	7.89	7.55	7.47	7.35
Chicago	8.59	9.86	10.34	10.46	9.21	8.94	9.39	9.84	9.45	8.42	7.98	8.63	9.36
Cincinnati	7.33	7.33	7.35	7.60	7.83	8.14	8.20	8.22	8.16	8.23	8.02	7.92	7.92
Cleveland	6.64	7.34	7.29	7.95	8.18	8.02	7.88	7.94	8.11	8.08	7.84	7.59	7.42
Columbus	5.17	4.35	4.35	4.65	4.88	5.07	5.21	5.31	5.45	5.59	5.61	5.42	5.41
Denver	4.78	4.72	4.75	5.08	5.39	5.75	6.07	6.31	6.35	6.11	5.89	5.77	5.83
Detroit	6.02	6.60	7.67	8.59	9.13	8.40	8.18	8.18	8.75	8.75	8.33	7.93	7.68
Houston	6.53	6.69	6.96	7.02	7.18	7.32	7.39	7.38	7.24	7.10	7.01	7.00	6.87
Kansas City	-	-	4.51	4.51	4.64	4.79	4.98	5.08	5.10	4.96	4.85	4.84	4.90
Los Angeles	8.52	8.33	8.29	8.12	8.13	8.02	8.48	8.85	8.97	8.87	8.64	8.68	8.72
Milwaukee	7.60	8.21	8.58	8.91	9.08	8.81	8.61	8.52	8.36	7.87	7.41	7.17	7.20
Minneapolis	4.97	5.19	5.39	5.94	6.08	6.06	6.15	6.31	6.36	6.18	6.02	6.04	6.17
New Orleans	4.79	4.70	4.65	4.69	4.85	5.39	5.88	6.20	5.98	5.71	5.43	5.41	5.40
New York	12.28	12.68	12.75	12.35	11.98	11.59	11.96	12.23	12.57	11.82	11.36	10.93	10.84
Omaha	4.86	5.13	5.73	6.15	6.43	6.35	6.37	6.50	6.59	6.45	6.22	6.14	6.22
Philadelphia	5.58	5.76	5.58	5.67	5.63	5.63	5.48	5.77	6.01	6.02	5.78	5.46	5.46
Pittsburgh	6.72	7.28	7.67	7.43	6.99	6.62	6.52	6.70	6.89	7.03	6.98	6.81	6.83
Richmond	5.50	5.42	5.80	5.86	6.45	6.66	7.03	6.66	6.44	6.24	6.16	6.17	6.51
Saint Louis	5.64	5.89	5.97	6.55	6.82	7.24	7.11	7.05	6.91	6.81	6.59	6.45	6.30
Salt Lake City	4.39	4.66	4.90	5.18	5.56	5.66	5.76	5.74	5.82	5.83	5.63	5.49	5.28
San Francisco	6.50	6.62	6.78	7.07	7.03	7.06	7.07	7.31	7.28	7.19	7.35	7.55	7.51
Seattle	4.97	5.33	5.28	5.30	5.05	5.07	5.07	5.31	5.56	5.62	5.65	5.55	5.45
Tulsa	5.97	5.77	5.68	5.92	6.21	6.53	6.76	7.17	7.33	7.16	6.92	6.77	6.68
HEATED APARTMENT UNITS													
Atlanta	9.80	9.90	9.65	9.52	9.38	9.58	9.68	10.01	10.19	10.33	10.67	10.89	10.91
Baltimore	11.27	12.09	12.23	11.79	10.88	10.72	11.04	11.59	11.97	12.04	12.00	11.93	12.09
Birmingham	8.62	8.63	8.38	8.12	7.93	7.63	7.61	8.00	8.48	8.71	8.64	8.61	8.58
Boston	11.75	11.36	11.16	10.44	10.12	10.40	11.59	12.68	13.17	13.46	12.79	12.17	11.52
Chicago	12.32	11.86	11.79	11.49	10.88	10.92	11.04	11.04	11.15	11.35	11.66	11.85	12.24
Cincinnati	10.82	10.67	10.30	9.93	9.57	9.72	10.10	10.78	11.24	11.40	11.28	11.26	11.36
Cleveland	9.24	9.84	9.84	9.14	8.26	8.22	8.49	8.88	9.99	10.54	10.80	10.40	10.39
Columbus	9.09	8.89	9.22	8.40	8.06	7.56	7.52	8.06	8.89	9.34	9.11	9.07	9.37
Denver	9.88	10.08	10.14	9.76	9.24	9.40	9.60	10.06	10.65	10.95	10.90	10.87	11.00
Detroit	10.08	10.47	10.37	10.36	10.00	9.65	9.45	9.73	10.22	10.87	10.86	10.49	10.22
Houston	8.38	8.63	8.66	8.13	7.20	7.39	7.54	7.70	7.77	7.91	7.78	8.00	7.96
Kansas City	-	-	7.05	6.65	6.24	6.18	6.36	6.52	6.67	6.73	6.77	6.88	6.96
Los Angeles	9.76	10.38	11.18	11.28	10.85	10.43	11.11	11.27	11.23	11.17	11.31	11.87	12.18
Milwaukee	9.70	9.97	9.83	9.91	9.70	9.56	9.63	9.87	10.10	10.09	10.00	9.88	9.97
Minneapolis	9.09	9.17	8.81	8.21	8.31	8.06	8.48	8.78	8.81	8.76	8.82	9.18	9.33
New Orleans	8.22	8.73	8.21	7.52	7.54	8.01	8.48	8.48	8.55	8.53	8.45	8.41	8.43
New York	16.87	16.77	17.13	17.18	17.24	17.10	17.85	18.69	18.92	18.30	17.83	17.58	17.55
Omaha	10.29	10.33	10.18	10.45	10.17	9.87	10.13	10.32	10.40	10.43	10.47	10.54	10.38
Philadelphia	14.57	14.61	14.22	13.79	13.55	13.24	13.40	13.63	13.37	13.24	13.16	13.20	13.31
Pittsburgh	9.43	9.88	10.21	9.91	9.24	8.91	9.02	9.35	9.56	9.70	9.77	9.91	10.22
Richmond	9.56	9.57	9.99	10.23	9.89	9.62	9.66	10.03	10.07	9.96	9.87	9.70	9.87
Saint Louis	8.66	8.76	9.07	9.19	9.19	9.22	9.41	9.76	9.81	9.81	9.74	9.79	9.94
Salt Lake City	9.08	9.20	8.99	9.08	8.92	9.01	9.06	9.22	9.38	9.68	9.74	9.91	9.74
San Francisco	10.92	10.67	10.78	10.67	10.52	10.50	10.82	10.90	11.33	11.41	11.82	11.83	12.00
Seattle	10.24	10.21	10.05	9.69	9.51	9.65	10.06	10.21	10.58	10.48	10.52	10.23	10.27

*Preliminary

(continued from page 505)
existing buildings for public improvements and through the influx of additional government employees, reduced the percentage of vacancy in residential quarters to less than one-half of one per cent. "For Rent" ads have practically disappeared from the classified columns of the Washington newspapers. This has naturally resulted in an increase in rents. In fact, this increase started some time ago and became so pronounced that a rent control bill for the District was introduced in Congress and received serious consideration. Had this bill been passed, rents and values could not have risen to the point where new building in any volume could have been done. Fortunately, however, the bill was not passed, and it is now possible in Washington to build new dwelling units in competition with those now standing. This is rapidly augmenting the supply of dwelling units, which will, as soon as the supply and the demand balance, halt the rise in rents and values and provide the relief which the proponents of the rent control bill desired but almost prevented.

High rents in themselves are an indication that the supply of dwelling units is insufficient to take care of the demand. The supply can be augmented only if there is sufficient profit incentive in the high rents and values to construct new buildings.

The situation in Miami is quite similar. After the almost complete collapse which came relatively early in Florida, recovery is coming rather rapidly. The return of many former residents, together with an influx of new inhabitants, has absorbed the surplus left over from the last boom. This has caused rents and values to rise rapidly until they have reached the incentive point for new building.

Apparently some of the larger cities in Texas, Oklahoma City, and some of the boroughs of New York City are starting to reach that point.

It might be well here to review the relationships of the various factors which account for the wide differences during the past sixteen years in the various cities shown on these charts.

Residential vacancy is the result of either overbuilding or a contraction of demand. It can be absorbed only by an increase in the number of separate families in the community or by a decrease in the number of family accommodations. The number of separate families in any community will vary from time to time with changes in economic conditions. During a period of distress it will be decreased by the doubling up of families to save rent, by retardation of the marriage rate, and by "back to the farm" movements. As conditions improve, the number of families will increase because of the spreading out of doubled-up families to separate units, the acceleration of the marriage rate, and the return to the city of many of those who left during the period of urban unemployment. Families may also increase in some cities due to an actual growth at the expense of other cities or rural communities.

The number of family accommodations in any community is constantly changing due, on the one hand, to new building and, on the other, to demolition, fire and tornado loss, and total obsolescence of the older buildings. During the past four years most cities have experienced a net

loss in the number of new accommodations, as new building has been insufficient to offset the number of buildings destroyed.

The number of new family accommodations has been decreased in some cities by a far larger percentage than others. Some cities during the past three or four years have enforced stricter sanitary provisions, with the resulting condemnations. The increased volume of civic improvements undertaken in many cities during the depression to make work for the unemployed has been responsible for the demolition of many buildings still having some useful life. An older city which is still growing rapidly, everything else being equal, will have a higher demolition rate than a younger city;as more buildings will be passing into obsolete, dilapidated, and uninhabitable condition each month.

The percentage of vacancy is almost the sole determinant of the rental level. The rental level in relation to current construction cost is also the sole determinant of the volume of new building.

Construction costs will vary considerably from city to city. In cities which are strongly unionized,wage rates on new building declined by a smaller percentage than they did in non-union cities. The higher the building cost, the longer the period before rents and values will rise to the point where sufficient profit incentive exists to create any great volume of building.

These charts, we believe, prove conclusively the correctness of the stand which the Real Estate Analyst has taken throughout the depression-that the difficulties in the way of stimulating new building have had nothing to do with credit. During the past year and a half credit has been readily available. Tremendous government pressure has tried in every way to create a volume of building, but except in those cities where the cost-value relationship which we have stressed in all of our reports has become favorable, very little building has resulted.

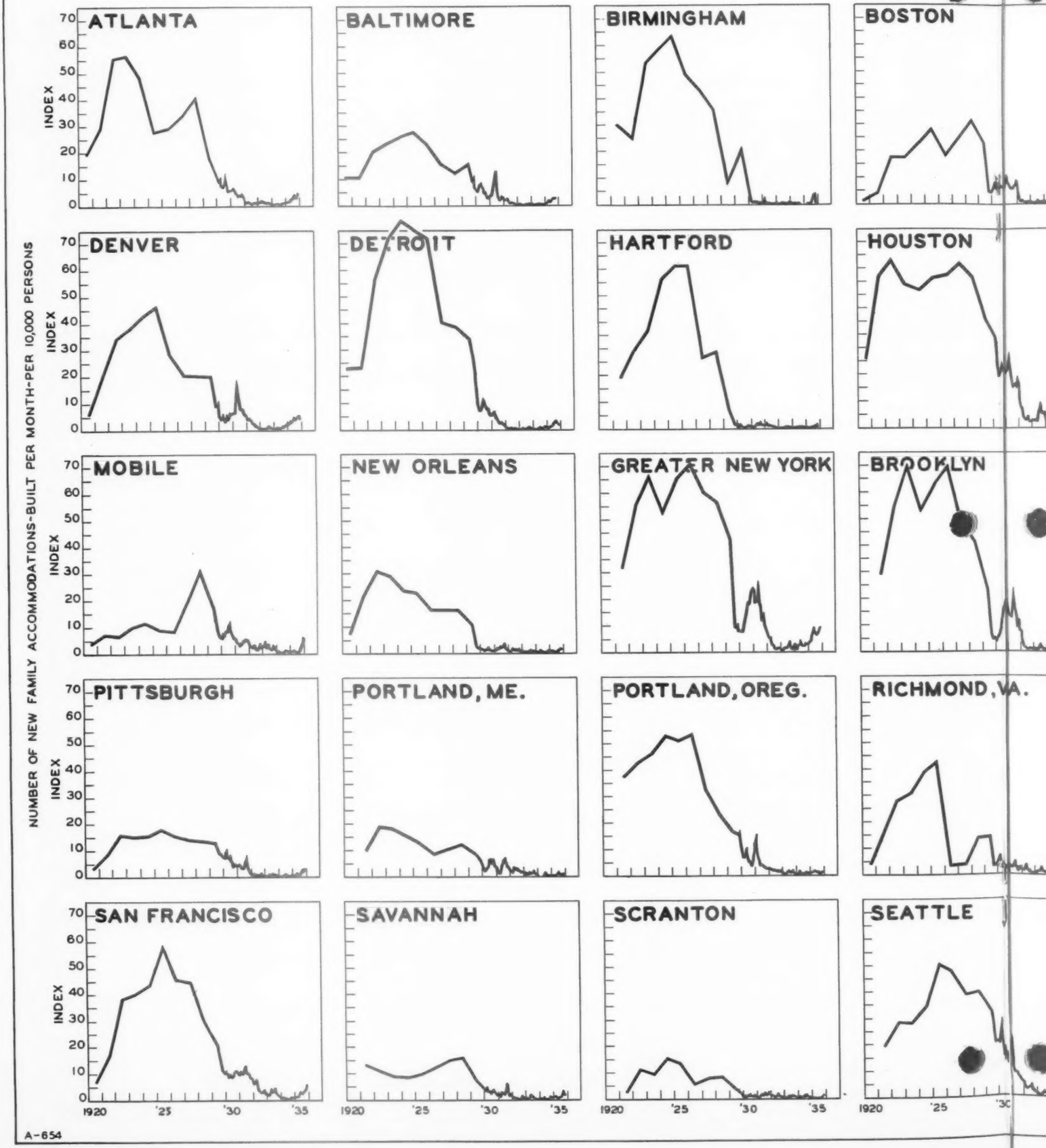
REAL ESTATE TRANSFERS IN PRINCIPAL CITIES 1930-1936

ON pages 513 and 514 in this report the relative fluctuations in real estate transfers in twenty-five principal cities are shown. The striking differences in the recession and recovery in some of these cities are probably partially due to the greater accuracy with which voluntary transfers can be separated from total transfers in some cities. In each city we have made every possible effort to separate voluntary transfers from total transfers.

We are inclined to believe, for instance, that the figures for Milwaukee are considerably better than the figures for Los Angeles, which probably partially accounts for the fact that the index on Milwaukee showed a greater drop during the depression and shows a greater recovery in the recent past.

It is quite interesting to note that recovery has proceeded much further in some cities than it has in others. Apparently Boston, Chicago, and Seattle have shown comparatively little improvement. On the other hand, Cleveland, Detroit, Miami, Milwaukee, Minneapolis, Oklahoma City,

(continued on page 513)


NUMBER OF NEW FAMILY ACCOMMODATIONS-BUILT PER MONTH-PER 10,000 PERSONS
INDEX
ATLANTA
BALTIMORE
BIRMINGHAM
BOSTON
DENVER
DETROIT
HARTFORD
HOUSTON
MOBILE
NEW ORLEANS
GREATER NEW YORK
BROOKLYN
PITTSBURGH
PORTLAND, ME.
PORTLAND, OREG.
RICHMOND, VA.
SAN FRANCISCO
SAVANNAH
SCRANTON
SEATTLE
0
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20
30
40
50
60
70
1920
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'30
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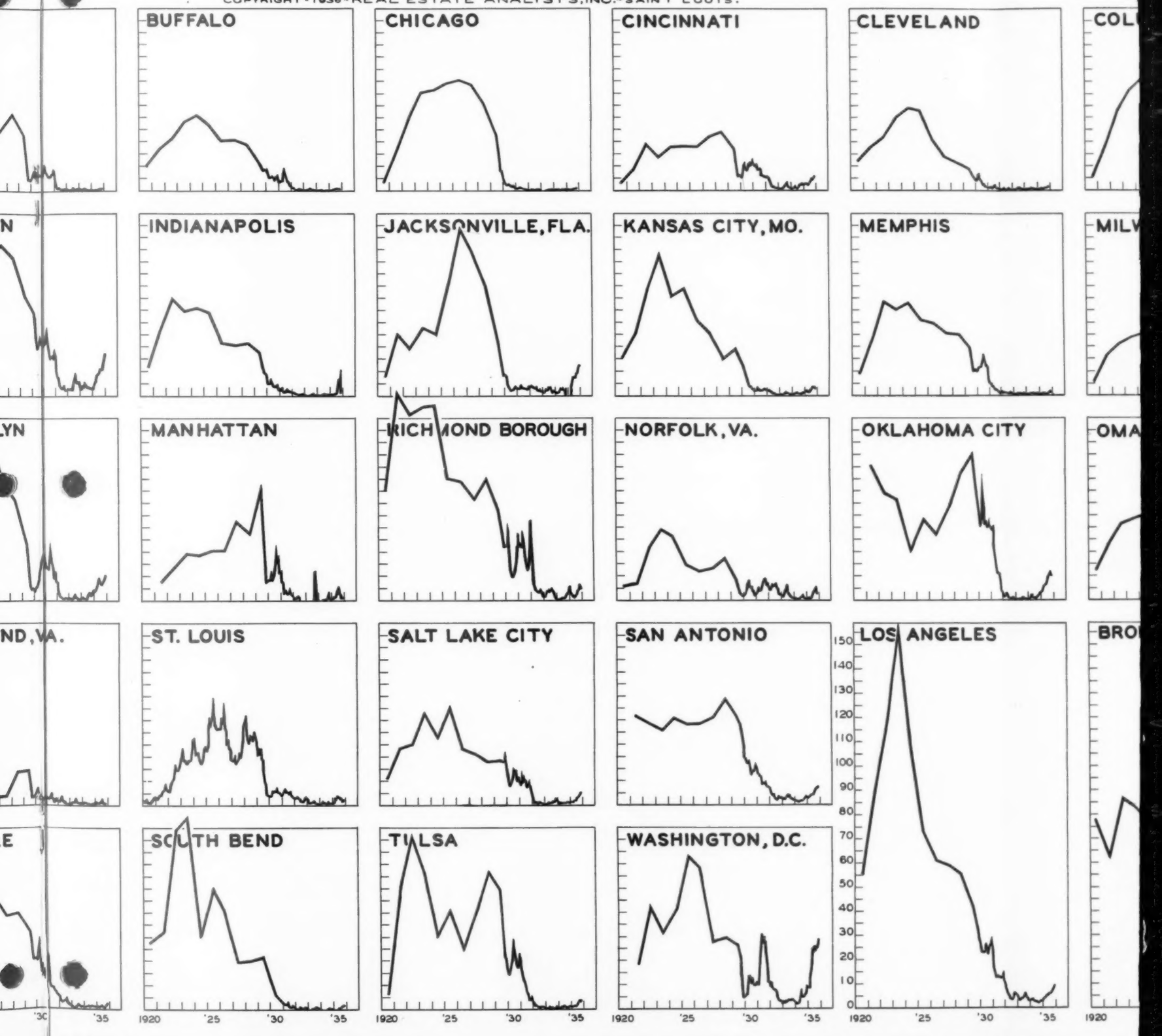
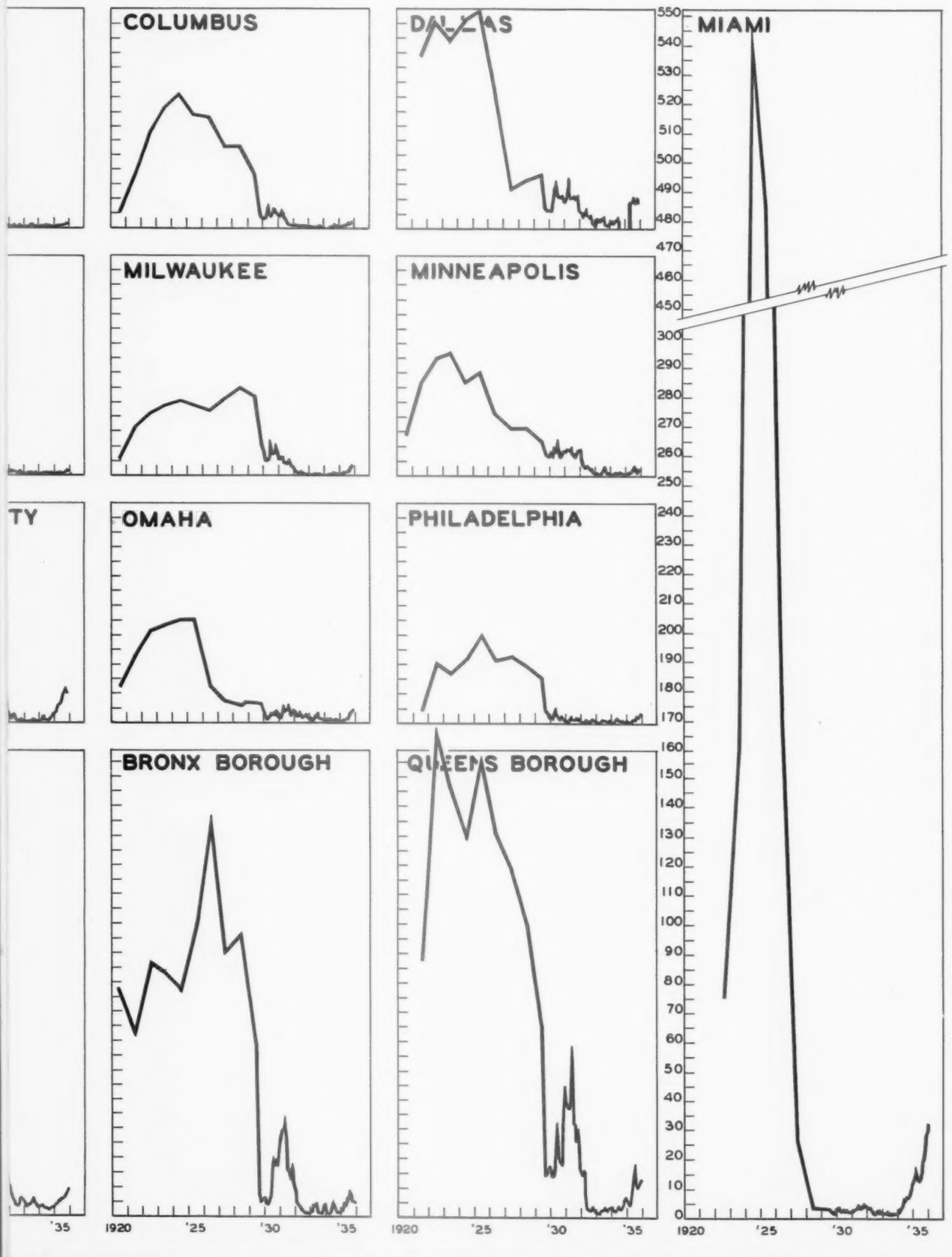
FLUCTUATIONS IN THE NUMBER OF NEW FAMILY ACCOMMODATIONS

IN 47 PRINCIPAL CITIES - BUILT PER MONTH - PER 10,000 FAMILIES




COLUMBUS
DALLAS
MIAMI
MILWAUKEE
MINNEAPOLIS
TY
OMAHA
PHILADELPHIA
BRONX BOROUGH
QUEENS BOROUGH
550
540
530
520
510
500
490
480
470
460
450
300
290
280
270
260
250
240
230
220
210
200
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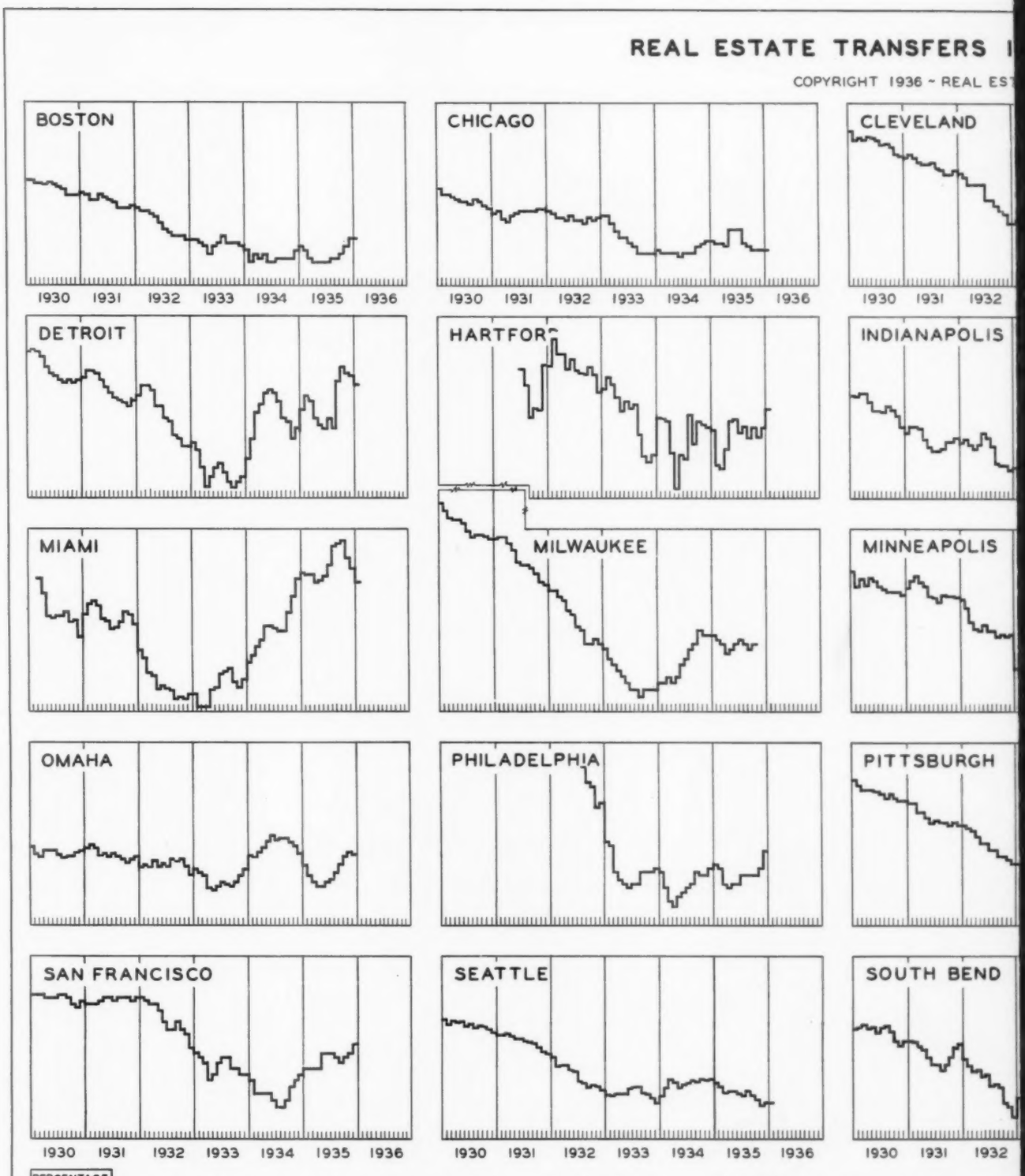
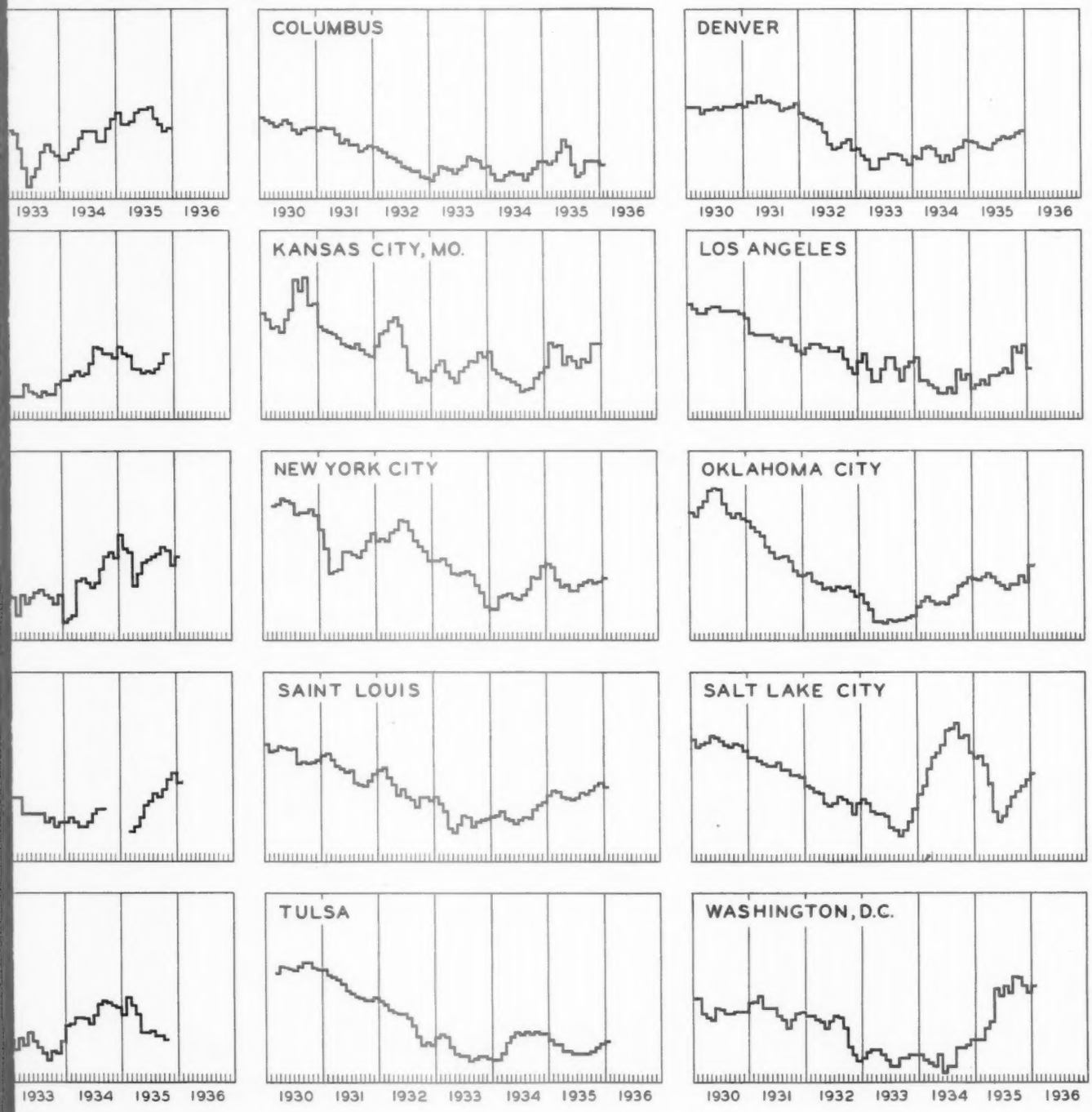


(continued from page 509) Pittsburgh, Seattle, San Francisco, and Washington, D.C., have all shown a striking advance. The short-lived "booms" in Indianapolis, Omaha, Salt Lake City, and Tulsa during 1934 are quite interesting. In each of these cases after the relapse which occurred in the early part of 1935 very definite progress has been made.

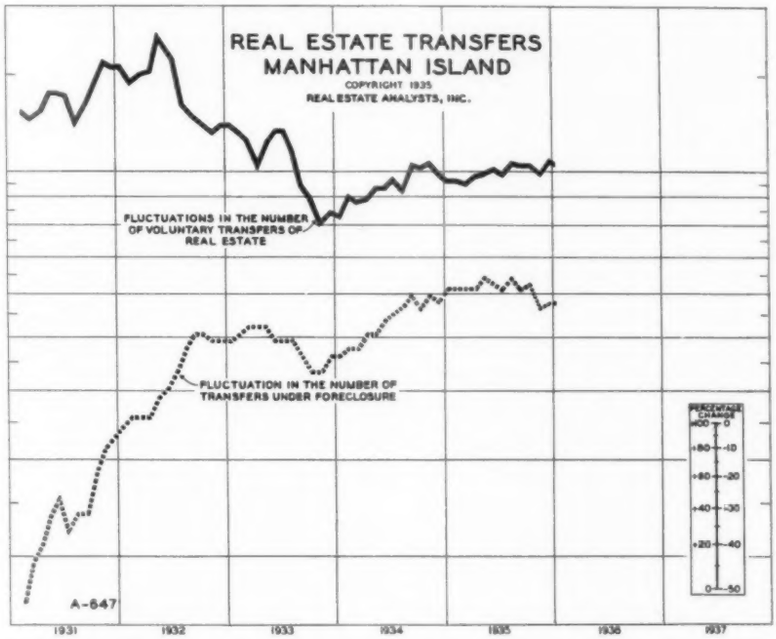
The percentage scale to the left can be used in

N PRINCIPAL CITIES 1930-1936

ATE ANALYSTS, INC.~SAINT LOUIS

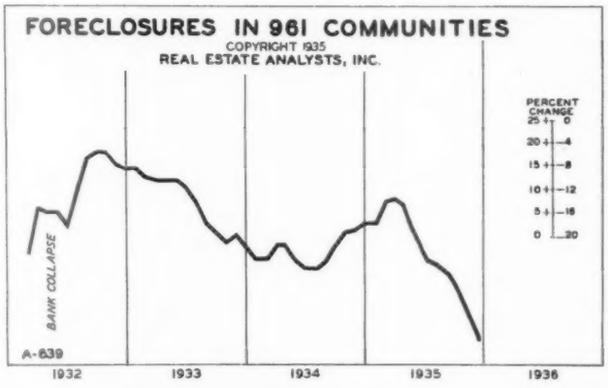


approximating the percentage of drop or recovery in each of these cities, as they are all charted on the same percentage scale. Increases are measured from the bottom "0" on the left side of the scale, and decreases are measured from the top "0" on the right side. By applying this scale to figures from San Francisco, for instance, it will be noticed that from 1931 to the summer of 1934 real estate activity had declined by approximately 57%. From the summer of 1934 to the end of 1935 real estate activity had increased more than 60%.

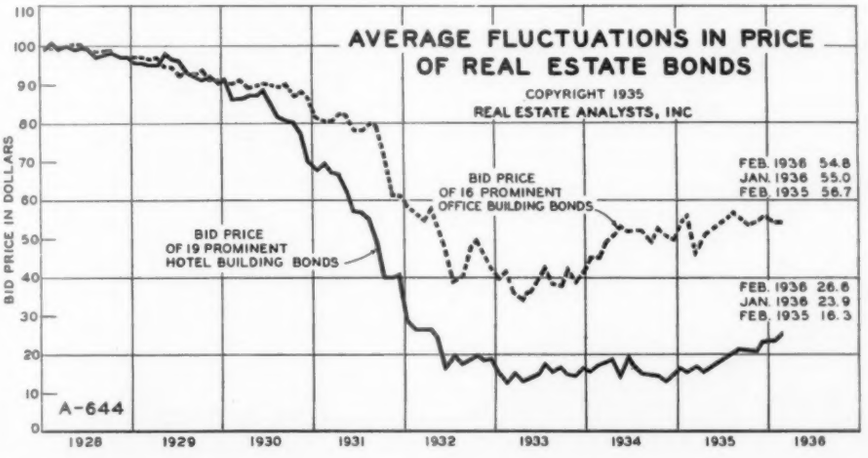


UNTIL our comprehensive studies of real estate activity in Greater New York, extending from 1868 to the present, are ready, we are using what information is now available.

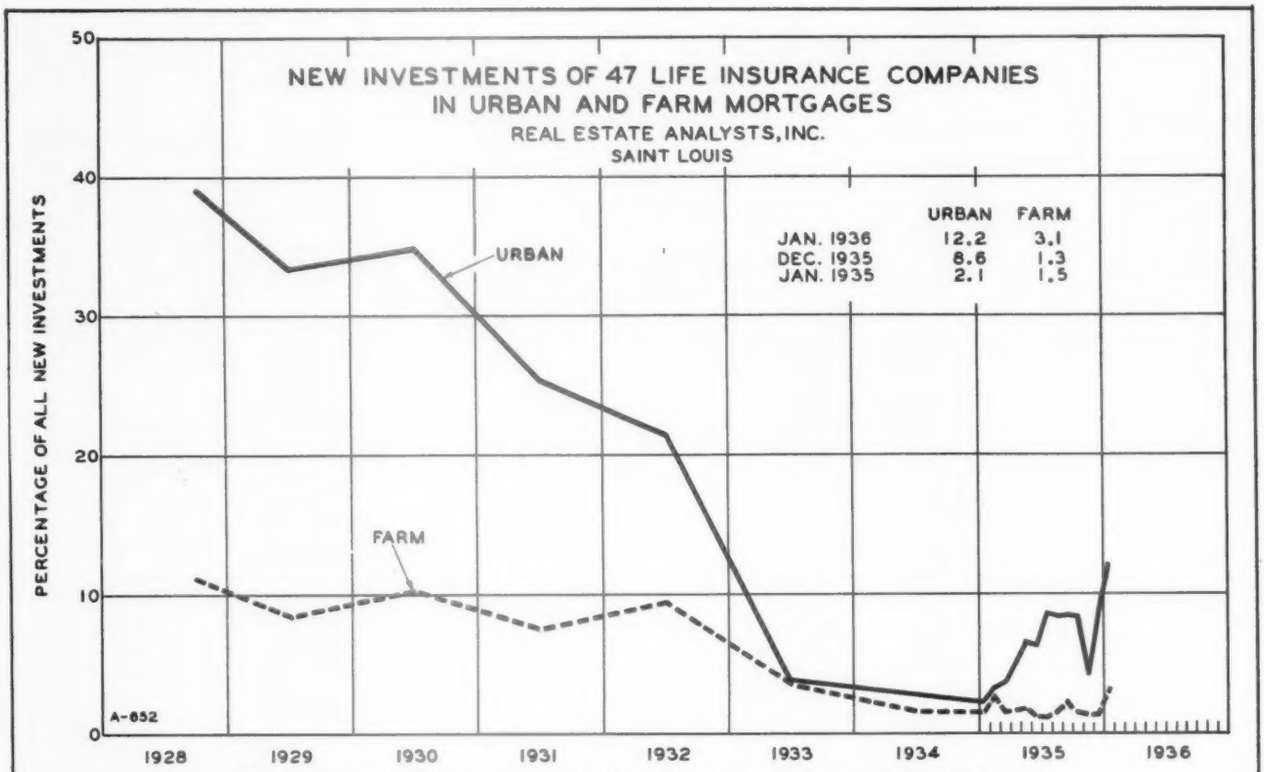
The chart on Manhattan Island, to the left, covers the period from March, 1931, to the current month. It shows the monthly fluctuations in the number of voluntary transfers contrasted with the transfers under foreclosure, adjusted for seasonal movements and the decreasing number of families. The percentage of increase or decrease month by month can be determined by the use of the small insert scale. Largely because of the long foreclosure procedure in New York, foreclosures in Manhattan have but recently passed their peak. Activity in Manhattan shows no great change for January.



MONTHLY variations in the number of foreclosures in the United States are shown on the chart to the left. These figures cover 961 communities, rural and urban, scattered from coast to coast. The percentage of increase or decrease each month may be approximated by using the insert scale. Foreclosures during December continued their drop of the previous seven months.

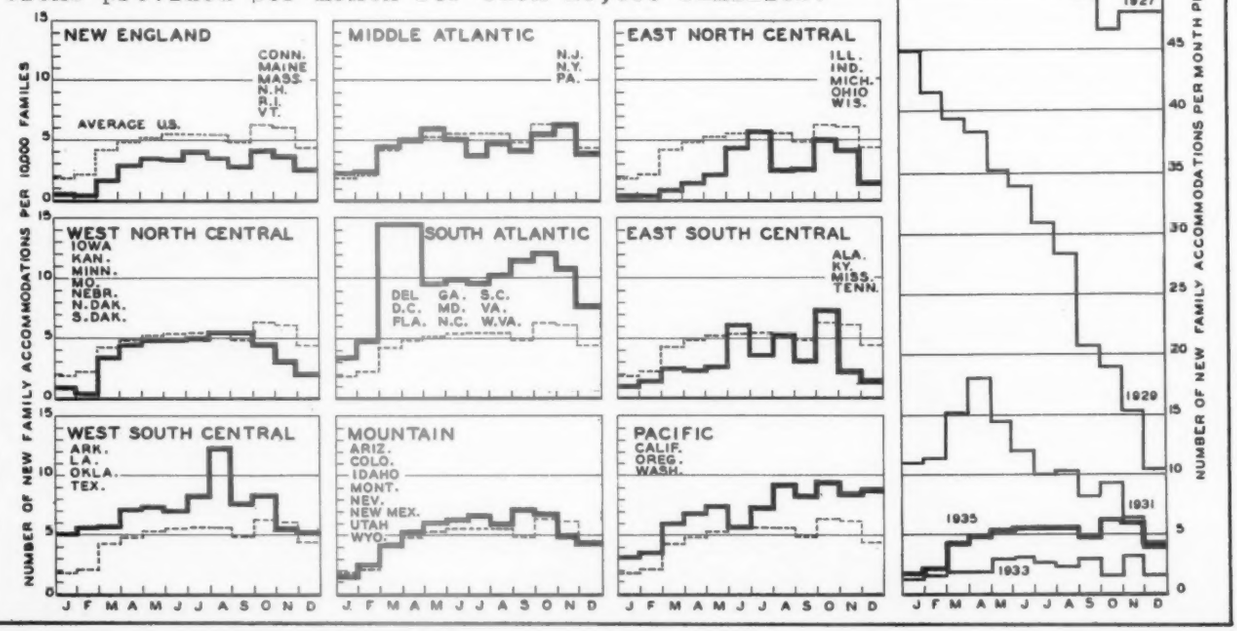


OUR chart, left, on real estate bonds, showing the average monthly fluctuations in bid prices, is based on a selected list of hotel and office building bonds described on page 447 of the Real Estate Analyst. Hotel bonds have had a slight rise for February.

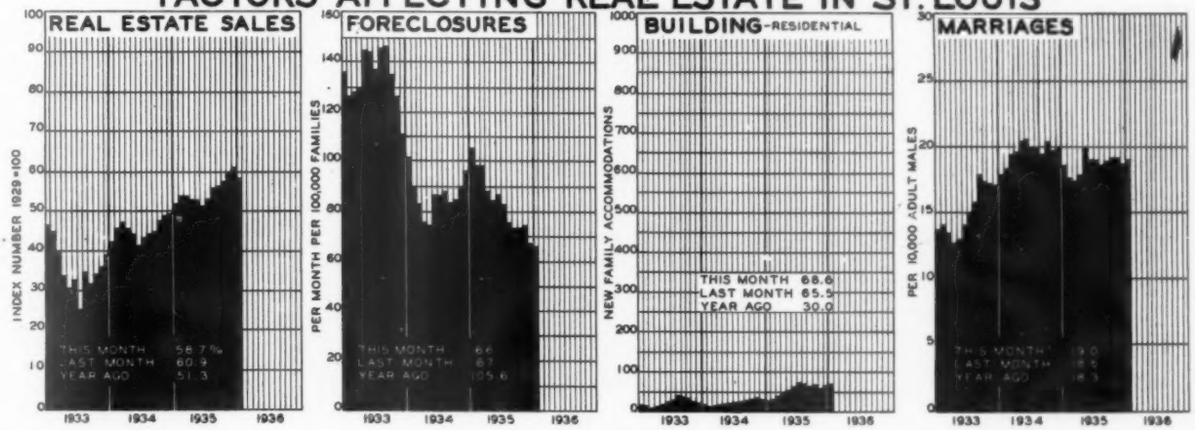


RESIDENTIAL BUILDING BY REGIONS

THE nine small charts below show the monthly volume of residential building in the various regions by months for 1935. The tall chart at the right is drawn to the same scale as the smaller charts and compares the present volume of building in the United States with the volume for a number of past years. In each chart the volume of new building is expressed as the number of new family accommodations provided per month for each 10,000 families.



FACTORS AFFECTING REAL ESTATE IN ST. LOUIS



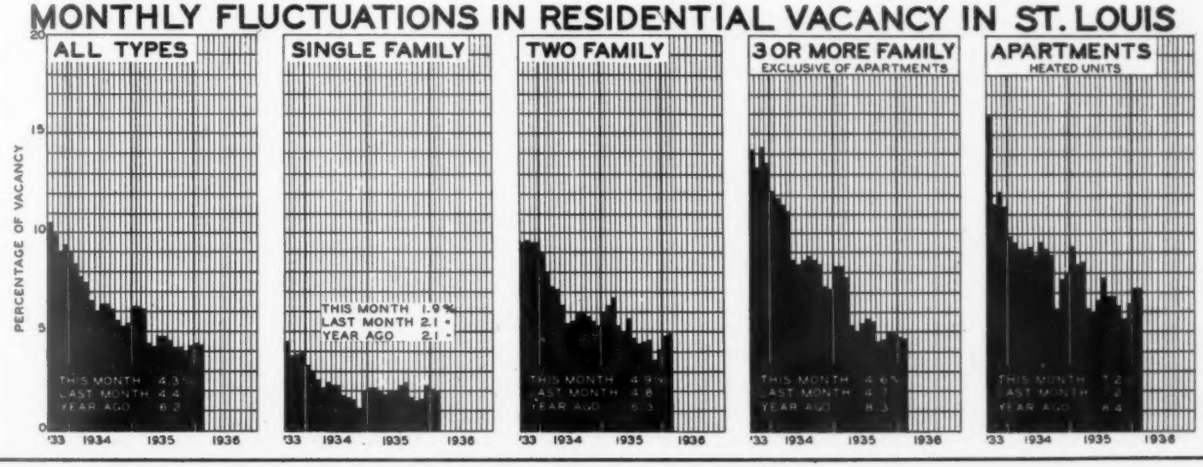
REAL Estate Analysts, Inc., has always made an intensive study of Greater Saint Louis on the assumption that an exhaustive, precise study over a long period of years of all factors affecting real estate in a single representative community is often of greater value in determining the sequence of events in collapse and recovery than is a more general study of the entire country. In addition to the charts on this page, other Saint Louis figures are shown on pages 506, 507, 510, and 513.

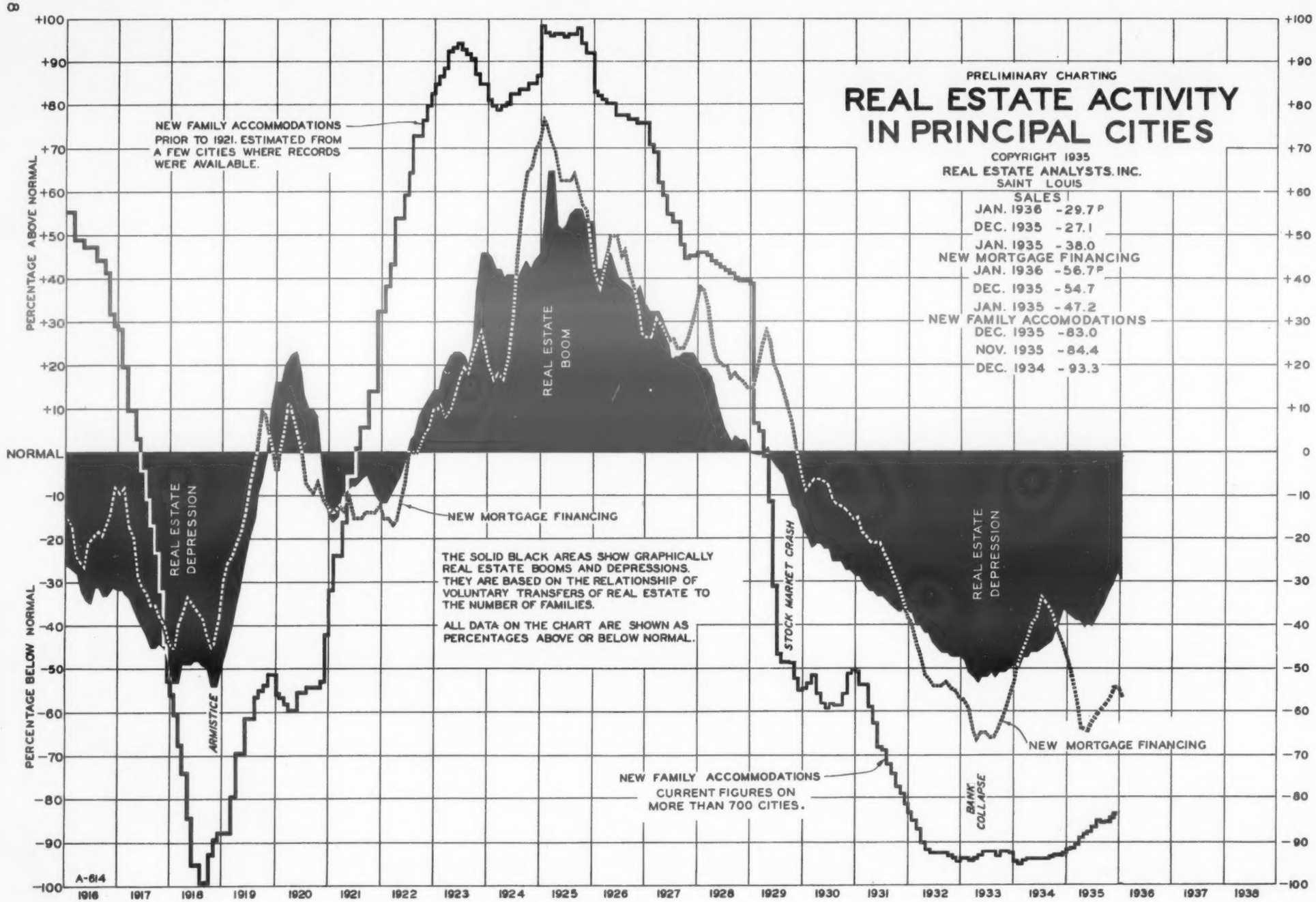
Total residential vacancy in St. Louis decreased during the past month by 200 units--from 4.4% on January 6 to 4.3% on February 11. Vacancy increased in two family residences and decreased in three or more family units, exclusive of apartments. Apartment vacancy remained the same as the preceding month. Vacancy is generally slightly larger during the colder winter months. The unusually cold weather of January and February has probably caused some additional doubling up, preventing the absorption which would otherwise have taken place.

The number of vacant residential units for November, 1932, and for February of the last three years is shown on the following table:

Date	Number of Vacancies	Percentage of Vacancy
November, 1932	28,207	12.8
February, 1934	18,650	8.3
February, 1935	13,900	6.2
February, 1936	9,450	4.3

MONTHLY FLUCTUATIONS IN RESIDENTIAL VACANCY IN ST. LOUIS




PRELIMINARY CHARTING
REAL ESTATE ACTIVITY IN PRINCIPAL CITIES
COPYRIGHT 1935
REAL ESTATE ANALYSTS, INC.
SAINT LOUIS
SALES
JAN. 1936 -29.7P
DEC. 1935 -27.1
JAN. 1935 -38.0
NEW MORTGAGE FINANCING
JAN. 1936 -56.7P
DEC. 1935 -54.7
JAN. 1935 -47.2
NEW FAMILY ACCOMODATIONS
DEC. 1935 -83.0
NOV. 1935 -84.4
DEC. 1934 -93.3
NEW FAMILY ACCOMMODATIONS PRIOR TO 1921. ESTIMATED FROM A FEW CITIES WHERE RECORDS WERE AVAILABLE.
REAL ESTATE BOOM
REAL ESTATE DEPRESSION
REAL ESTATE DEPRESSION
NEW MORTGAGE FINANCING
THE SOLID BLACK AREAS SHOW GRAPHICALLY REAL ESTATE BOOMS AND DEPRESSIONS. THEY ARE BASED ON THE RELATIONSHIP OF VOLUNTARY TRANSFERS OF REAL ESTATE TO THE NUMBER OF FAMILIES.
ALL DATA ON THE CHART ARE SHOWN AS PERCENTAGES ABOVE OR BELOW NORMAL.
STOCK MARKET CRASH
ARMISTICE
BANK COLLAPSE
NEW MORTGAGE FINANCING
NEW FAMILY ACCOMMODATIONS
CURRENT FIGURES ON MORE THAN 700 CITIES.
PERCENTAGE ABOVE NORMAL
PERCENTAGE BELOW NORMAL
NORMAL
+100
+90
+80
+70
+60
+50
+40
+30
+20
+10
0
-10
-20
-30
-40
-50
-60
-70
-80
-90
-100
1916
1917
1918
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1920
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1932
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1938
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